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SUBJECT: LABOR SLOWDOWNS BEGIN POLITICAL SEASON

¶1. (SBU) Summary. Labor unions affiliated with the opposition political parties UNP and JVP held a three day labor slowdown Nov 11-13 in the government run electricity, petrol, water and port companies. The labor action had a limited impact, but post expects continued labor actions in advance of the planned elections next year. The workers have not received expected wage increases this year, so there are economic reasons behind the labor slowdowns. The main purpose, however, is likely political, to weaken the position of the ruling government. End Summary.

#### Work-to-Rule Labor Actions

¶2. (U) The leaders of the trade unions affiliated with the opposition UNP and JVP parties announced a work-to-rule labor action November 11-13 to protest that they have not received salary increases this year. Union members only worked to rule at key government-run utilities such as electricity (Ceylon Electrical Board), petroleum (Ceylon Petroleum Corporation), the Water Board, and the government operated dockyards in the Port of Colombo. The work-to-rule labor action means that the workers would only work as strictly prescribed by the rules, and they would not work overtime or go beyond their prescribed duties to solve problems. The work-to-rule action is significant, because workers do much of their jobs in overtime work to earn more money. For example, the CPC workers have eight hour shifts, but that is not enough time for them to deliver gasoline to service stations in outlying areas and get back to Colombo. In this case, unlike a JVP union strike last year, the independent Engineers union agreed to join the strike.

¶3. (U) The Sri Lankan labor situation differs from that in the United States with almost all of the unions affiliated with a political party, and different unions working at the same work site. Therefore, although the UNP and JVP unions are on strike at the four utilities, workers belonging to unions affiliated with the government SLFP party will continue to work. It is unclear the relative strength of the unions at each site. Leslie Devendra, the General Secretary of the government-affiliated union SLNNS claimed that his union controlled the majority of workers at all four utilities, whereas the union affiliated with the UNP claimed broad membership in these areas. Members of the government-affiliated union even held a protest march November 10 against the planned work to rule labor slowdown.

¶4. (U) The work-to-rule slowdown caused disruptions, but

it did not create an immediate crisis. According to news reports, deliveries of petroleum were reduced by 50% on November 11, and that the Colombo dockyard drastically reduced its container unloading rates. There was no impact on electricity or water supplies. A JVP spokesman claimed that petroleum deliveries were so disrupted that the nation's gasoline stations would run out of petrol in several days. The GSL has declared on November 15 that fuel, water, power and port services are essential services, so strikes would be prohibited in these areas. Under these emergency regulations, a work-to-rule action will apparently become illegal.

#### Some Legitimate Economic Grievances

15. (SBU) The Government of Sri Lanka has not granted any wage increases to these workers in 2009, and had refused to meet with the UNP and JVP unions until the threatened labor action. The government usually provides wage increases in a three year collective bargaining agreement (CBA), although the government union claimed that the collective bargaining agreements were just informal deals. In any case, the last CBA expired in January 2009, and the GSL refused to provide salary increases, initially due to the war against the LTTE, and now because of the IMF agreement. (Note. The IMF letter of intent does not address salary increases, but merely sets goals for the government budget deficit, and for the Ceylon Petroleum Company and Ceylon Electrical Board to become breakeven enterprises by 2011. End Note.) The JVP- and UNP-affiliated unions say that inflation in 2007 and 2008 eroded their real wage rates, although now inflation is low.

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16. (SBU) The GSL has now offered a 22% salary increase to the CEB, CPC, water and port workers starting January 2010. The GSL provides the same salary increase equally to all workers at a utility, regardless of whether they are members of a SLFP, JVP or UNP affiliated union. Srinal De Mel, Secretary General of the UNP-affiliated union, was skeptical of the GSL promises, and noted that the GSL did not have any provision in the supplementary budget for a salary increase. The opposition-affiliated unions have been planning additional labor actions.

#### Apparent Political Agenda

17. (SBU) The GSL and outside observers argue that the primary motivation for the strikes is political, i.e. an effort to embarrass and disrupt the ruling government. The UNP affiliated union head disagreed, claiming that the motivation was not political, although he said with a smile that this was the right time for bargaining because they had good leverage. It is also noteworthy that the UNP and JVP affiliated unions are cooperating even as those political parties are considering nominating a joint presidential candidate against President Rajapaksa. The GSL is expected to soon announce that presidential elections will be held early next year.

18. (SBU) Comment. Although there are legitimate economic issues, the work-to-rule slowdowns are clearly politically motivated. The best proof is that the government-affiliated unions demonstrated against the labor actions; by doing so they were demonstrating against a salary increase for themselves. Post expects that these labor actions will continue, and probably increase, as we enter the political season. This entire episode also illustrates how Sri Lanka labor unions have been primarily co-opted for political purposes. End Comment.  
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